June 13, 2022

Via Electronic Submission

Ms. Vanessa A. Countryman,
Secretary,
Securities and Exchange Commission,
100 F Street NE,
Washington, D.C. 20549-1090.

Re: Notice of Proposed Rulemaking: Private Fund Advisers; Documentation of Registered Investment Adviser Compliance Reviews (File No. S7-03-22)

Dear Ms. Countryman:

The Global Infrastructure Investor Association ("GIIA") appreciates the opportunity to provide comments to the Securities and Exchange Commission (the "SEC") on the SEC's recent proposal regarding certain rules governing private fund advisers (the "Proposed Rules").[1] The GIIA is the membership body for the world's leading investors in infrastructure, and advisers to the sector, who collectively represent over $1 trillion in infrastructure assets under management across 70 countries. Our members are investing today to provide the smart, sustainable and innovative infrastructure needed for our communities and economies to thrive. The member base of the GIIA is diverse and includes fund managers, pension funds, insurers, corporate investors and sovereign wealth funds. This letter focuses on a single issue of paramount importance to the GIIA and its members: the Proposed Rules' potential impact on infrastructure investing in the United States.

The GIIA and our members appreciate and support the SEC's goals of increasing transparency, competition and efficiency in the market. However, part of the SEC's core mission is facilitating capital formation, and we believe the Proposed Rules could introduce the risk of an unintended consequence—reducing the amount of private capital, and therefore aggregate capital, available for the development, refurbishment and maintenance of U.S. infrastructure projects. The private equity and private credit industries play a positive role in communities across the U.S., including by providing needed capital and expertise for infrastructure projects such as roads, railways, airports, telecommunications, utilities, schools, hospitals, and power generation, transmission and distribution. For many infrastructure projects, private equity and private credit provide a key source of capital that may be unavailable or too costly to obtain from other sources. Moreover, private sector development, ownership and operation of infrastructure assets may bring a number of efficiencies that public sector efforts may not be able to achieve. To the extent the Proposed Rules risk increasing fund managers' cost of operation in the United States, fund managers may seek to focus fundraising and deploy capital elsewhere and, as a result, the Proposed

[1] Private Fund Advisers; Documentation of Registered Investment Adviser Compliance Reviews, 87 Fed. Reg. 16886 (March 24, 2022).

Rules may curb private capital formation and deployment in the U.S., including with respect to infrastructure projects.

Modern infrastructure is crucial to quality of life, as well as to successful economic development. In 2016, McKinsey Global Institute ("MGI") determined that worldwide investment in infrastructure through 2030 needed to average $3.3 trillion a year, or about 3.8% of GDP, to support global economic growth projections.[2] However, at the time of the MGI report, infrastructure investment had actually declined as a share of GDP in 11 of the G20 countries since the 2008 global financial crisis. The report forecasted that if the then-current trajectory of underinvestment continued, the world's investment in infrastructure would fall short by 11%, or $350 billion a year. In 2017, the Global Infrastructure Hub, a not-for-profit organization formed by the G20 to advance the delivery of sustainable, resilient and inclusive infrastructure, estimated the infrastructure financing gap to be $15 trillion by 2040.[3] The Biden administration has focused on the infrastructure gap and critical infrastructure investment, including by leading the Infrastructure Investment and Jobs Act through Congress last year. This bipartisan legislation included agreement on a $1.2 trillion infrastructure framework, including $579 billion of new spending. We firmly support the administration's emphasis on infrastructure investment, but we, the administration and most other commentators and analysts also recognize that available public funds will not be sufficient to close the infrastructure gap. The involvement of private financing in infrastructure projects helps support and enhances these projects while averting excessive pressure on government balance sheets, allowing more infrastructure to be built and modernized without overstretching public finances.

Private investors often work with governments by contributing funds and expertise to develop, refurbish and operate important infrastructure assets. There are a number of ways in which this can happen—infrastructure can be built by governments and subsequently privatized, built from the ground up using private money, or developed through hybrid arrangements such as public-private partnerships and private finance initiatives. The primary private investors in the infrastructure sector are pension funds, life insurers, sovereign wealth funds and other funds acting on behalf of these investors. The infrastructure sector is attractive to investors who are looking for long-term investments with a reliable return profile. In addition to funding, private investors can bring development experience and management expertise to help improve the performance of infrastructure assets and the benefits they bring to users and society.

Infrastructure investment leads to the development, maintenance and provision of essential services. It plays a key role in generating economic growth and building prosperous societies, helping governments support the needs of a rapidly changing world. It

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[2] *See* McKinsey Global Institute, *Bridging Global Infrastructure Gaps*, McKinsey & Company (June 2016), *available at* https://www.mckinsey.com/~/media/mckinsey/business%20functions/operations/our%20insights/bridging%20global%20infrastructure%20gaps/bridging-global-infrastructure-gaps-full-report-june-2016.pdf.

[3] *See* Global Infrastructure Hub, *Infrastructure Monitor 2021*, Global Infrastructure Hub (Dec. 2021), *available at* https://cdn.gihub.org/umbraco/media/4410/gihub_v10.pdf; *see also* Balch et al., Future of Infrastructure, Raconteur (Dec. 15 2020), *available at* https://res.cloudinary.com/yumyoshojin/image/upload/v1/pdf/future-infrastructure-2020-dec.pdf.

creates jobs and develops skills across all levels of the workforce and it can catalyze economic growth through supply chains. We acknowledge the aims of the Proposed Rules but we urge the SEC to consider and address any unintended consequences on infrastructure investment in the United States, including reducing the funds available to achieve the administration’s goals.

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The GIIA appreciates the opportunity to provide its comments, and we would welcome the opportunity to discuss them further with you. If you have any questions or if further discussion would be helpful, please contact Lawrence Slade by phone at +44 (0) 203 440 3924 or by email at lslade@giia.net.

Respectfully submitted,